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工商管理精要系列 · 影印版

国际商务

INTERNATIONAL BUSINESS

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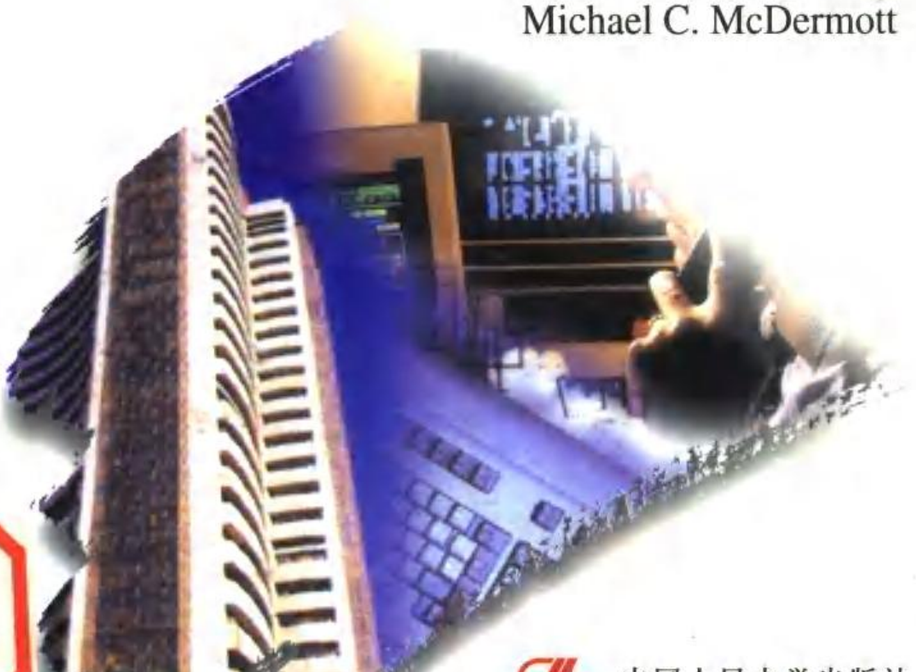

中国人民大学出版社
Prentice Hall 出版公司

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456784

图书在版编目（CIP）数据

国际商务：英文/塔加特、麦克德莫特著·影印版
北京：中国人民大学出版社，1997.8
（工商管理精要系列·影印版）
书名原文：The Essence of International Business

ISBN 7-300-02463-7/F·748
Ⅰ.国…
Ⅱ.①塔…②麦…
Ⅲ.国际商务-贸易实务-英文-影印版
Ⅳ.F740.4

中国版本图书馆 CIP 数据核字（97）第 17258 号

工商管理精要系列·影印版
国际商务
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出 版：中国人民大学出版社
（北京海淀路 175 号 邮码 100872）
Prentice Hall 出版公司
发 行：中国人民大学出版社
经 销：新华书店
印 刷：中国人民大学出版社印刷厂

开本：787×1092 毫米 16 开 印张：15 插页 1
1997 年 8 月第 1 版 1997 年 8 月第 1 次印刷
印数：1-5 000 册

定价：25.00 元
（图书出现印装问题，本社负责调换）

《工商管理精要系列·影印版》

出 版 说 明

《工商管理精要系列·影印版》是中国人民大学出版社和西蒙与舒斯特国际出版公司继《工商管理经典译丛》之后，共同合作出版的一套大型工商管理精品影印丛书。

本丛书由欧洲著名管理学院和管理咨询公司的教授和专家撰写，它将90年代以来国际上工商管理各专业的最新研究成果，分门别类加以精练浓缩，由享誉世界的最大教育图书出版商Prentice Hall出版公司出版。每一本书都给出了该专业学生应掌握的理论框架和知识信息，并对该专业的核心问题和关键理论作了全面而精当的阐述。本丛书虽然篇幅不长，但内容充实，信息量大，语言精练，易于操作且系统性强。因此，自90年代初陆续出版以来，受到欧洲、北美及世界各地管理教育界和工商企业界读者的普遍欢迎，累计发行量已达数百万册，是当今国际工商管理方面最优秀的精品图书之一。

这套影印版的出版发行，旨在推动我国工商管理教育和MBA事业的发展，为广大师生和工商企业界读者，提供一套原汁原味反映国外管理科学研究成果的浓缩精品图书。有助于读者尽快提高专业外语水平，扩大知识面，掌握工商管理各专业的核心理论和管理技巧。

本丛书可作为管理院校的专业外语教材和各类企业的培训教材，对于那些接受短期培训的企业管理者、MBA学生，以及想迅

速了解工商管理各专业核心领域的师生来说，本丛书更是极具价值的藏书和参考资料。

为了能及时反映国际上工商管理的研究成果，中国人民大学出版社今后将与 Prentice Hall 出版公司同步出版本丛书的其他最新内容并更新版本，使中国读者能借助本丛书，跟踪了解国际管理科学发展的最新动态。

1997 年 8 月

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The growth of international business

The history of international business

From the earliest times, international business has been fraught with problems including wars, civil strife, piracy, economic upheavals and cultural barriers. Despite this, there has never been any doubt of man's desire – even imperative – to trade across international borders; equally there is no doubt that the profit motive has been the principal driving force in encouraging the growth of international business in the face of some very substantial disincentives.

There is evidence that, over 2,000 years before the birth of Christ, merchants from Mesopotamia, Greece and Phoenicia were sending trading ships around the known world – at that time understood to be the lands bordering the Mediterranean Sea (the sea at the centre of the earth). Indeed, it is thought that some ships often plied well beyond these limits, and Phoenician traders are thought to have visited Cornwall in the south-west of England on a fairly regular basis, most likely to access the rich deposits of tin, a critical ingredient in the manufacture of bronze. Gradually, however, the growing Mediterranean trade came under the control of Greece, both the military and intellectual leader of the time, and by 500 BC there were recognizable signs of specialization and (relative) mass production in that country.

Within three hundred years, the initiative had passed to the burgeoning Roman Empire, with control of international trade following the movement of military power and cultural hegemony. Rome became the centre of international business for the age, the first of a number of cities to be so identified. With the decline of the Roman Empire in the fifth century AD, Constantinople became the main centre for a time, but by about AD 650 Europe had slipped into a dark period of fragmentation and misrule that discouraged and almost discontinued international trade.

This period did not really come to an end until the Crusaders from Europe set up what were meant to be permanent bases in the eastern Mediterranean; such bases called for regular supplies and led to the establishment of Venice and Genoa as major international trading ports; they were also important in absorbing and transmitting back to Europe knowledge of and demand for a host of materials and goods which were unknown at home. This remained an important axis of international trade until the sixteenth century, by which time the centre of the trading world had moved back to western Europe and leadership had passed into the hands of the Spaniards and the Portuguese as a result of their seafaring preeminence.

Mercantilist trade theory and practice were developed during the sixteenth century. A central tenet was that the only way for a country to gain wealth and grow powerful was at the expense of other countries (in effect, a zero-sum game). This implied static world resources, and one result was a scramble for overseas colonies involving England, France, Holland, Spain and Portugal. Even Scotland tried to get in on the act, making two separate attempts to set up a colony on the Darien isthmus, both frustrated by England and Spain working in concert. The mercantilist doctrine disintegrated with the onset of the Industrial Revolution which greatly increased world trade through a prolonged period of highly effective innovation.

By the mid-nineteenth century, two American companies (Colt Industries Incorporated and the Singer Company) and a Scottish firm (J & P Coats) were operating in some ways as multinational corporations (MNCs) do today. By the early twentieth century, several companies – including Ingersoll Rand, General Electric, International Harvester, H J Heinz, and Bayer – were functioning recognizably as MNCs.

Before World War I, international capital movements were associated with large-scale population movements out of Europe. The majority were portfolio investments, with the United Kingdom becoming the largest creditor nation because of domestic prosperity, the need to secure sources of raw materials, and a highly developed institutional framework which successfully channelled available funds overseas. In the inter-war period, the relative wealth of

European nations decreased and the United States became a major creditor nation, increasingly because of direct investment by US corporations in overseas subsidiaries. An additional factor was the global financial crisis of the 1930s, which heralded a considerable fall in international portfolio investment.

Since 1945, there have been three distinct phases in the development of international business. MNCs from the United States and the United Kingdom were dominant until about 1960, and these were concentrated in the field of extraction of petroleum and other raw materials. During the next decade, firms from continental Europe and Japan entered the scene, and the dominance of the United Kingdom and the United States decreased. During the third period (the 1970s and the 1980s), firms from Europe (followed by Japan) have become an increasingly important source of foreign direct investment (FDI). The United States is still an important source, but has increasingly become a major recipient of FDI from other nations.

World-wide FDI is now so vast that patterns of investment, technology diffusion and trade among nations (especially the developed) are decisively shaped by the agents of FDI – the MNCs. The largest of these companies, operating on a global scale and with global horizons, are beyond the jurisdiction of any one nation to the extent that many governments now view them as a political – rather than merely an economic – threat. Reading 1.1 warns of the ever-present danger of making excuses for failure to keep up with developments in international business, and suggests that the world economic environment is being shaped by three positive forces and a countervailing reaction.

The study of international business

After a hundred years of the study of domestic business, we are hardly at the situation where we may claim to understand it fully. All the more reason then for managers and business students to encompass the international aspects, which are so much more complex and surrounded by so many more intangibles. For specific reasons, we may turn to Grosse and Kujawa (1988) who set the matter out clearly thus:

1. Almost all of the large enterprises in developed countries are international in character.

2. Many small and medium-sized firms are also involved internationally, even if only in the form of export and/or import activities.
3. Competitive environments are typically industry specific, and industries today are very often competitive internationally.
4. Public policy issues are often related to international trade, investment and finance; no country today can afford to neglect the foreign sector when drawing up its economic policies.

Definition of international business

The basic tasks and functions of international business are much the same as for domestic firms, but there is a significantly greater difficulty in performing them effectively and in integrating them; some of the reasons for this were noted above, and these will be explored in further detail in the next section. Thus, international business can be defined as those business activities that involve the crossing of national boundaries; these include:

- import and export of commodities and manufactured goods;
- investment of capital in manufacturing, extractive, agricultural, transportation and communications assets;
- supervision of employees in different countries;
- investment in international services like banking, advertising, tourism, retailing and construction;
- transactions involving copyrights, patents, trademarks and process technology.

All of these activities can take place between individuals, firms, and other public and private bodies. The levels of risk involved in international business are thus clearly higher than those in domestic transactions.

The dimensions of international business

As international trade and business links have increased in complexity, it has been more and more difficult to establish the precise boundary line between domestic and international business. Certainly, every well-known MNC has developed from a domestic business: ICI, General Motors, Sony, Volkswagen and Rhône-Poulenc started life serving the UK, US, Japanese, German and French markets respectively; each now serves all five of these national markets. The major difference is that the domestic firm deals only with the home environment while the international company also has to manage a wide range of foreign environments together with the aggregate 'international' environment. Thus, operating as it does in a number of sovereign states, the international firm has to contend with different legal, monetary and political systems, with different peoples, cultures, institutions, economic conditions and value systems.

Patterns of international business

The first section of this chapter set out some of the developments in IB during the period of historical record; it is also possible to detect a changing pattern in this sequence of events. From the time of the early Greek and Phoenician traders to Columbus's epic voyage across the Atlantic, the profit motive had remained unchanged but the private shipowner/trader had given way to the partially government-funded expedition. The joint stock company, of which the best early example was the East India Company and the most notorious the South Sea Bubble, was a later attempt to spread the risk of IB. This move was further advanced by the twentieth-century development of the MNC, lowering its overall risk (and perhaps maximizing its overall profit) by building up a geographically dispersed portfolio of interests. More recently, joint ventures have been a favourite risk-reduction vehicle, with the development into strategic alliances in the 1980s.

Technology impacts

Technology and technological change have become so much part of our lives that it is sometimes difficult to appreciate the changes they have brought about. We can see the first step of a man on the moon, and the same technology miniaturized allows us to see the inside of a hospital patient's beating heart. Such technological advances have spawned a myriad of new products, shortened life cycles, and forced familiar products out of the market. This has had far-reaching effects on both industries and countries. During World War II, a new ship was launched every day on the River Clyde, then the hub of the world industry. In 1991, the launch of one small car ferry makes news, with no other shipbuilding concurrently on the river. Finding a reason for this decline means looking no further than the massive advances in shipbuilding technology made in Japan since 1945. In almost every internationalized industry, technical advance of this nature has been rooted in developed countries, which have therefore been able to maintain and increase their share of IB. Reading 1.2 suggests, however, that technological advances are dispersed to competing firms and countries more rapidly as time goes by.

Functional impacts

The different requirements of IB have a substantial effect on the jobs of international managers. Perhaps the biggest single impact is in the finance function where difficulties of cash-flow management and forecasting at home and abroad are exacerbated by the need to work in national and foreign currencies. The MNC faces difficulties in moving funds between countries and currencies to pay for investments and to meet expenses; similarly, profits and licence fees have to be repatriated, a problem made almost impossible when there are doubts about the convertibility of a local currency. The international accounting function has some problems too, mainly revolving around the consolidation of world-wide accounts derived under different legal requirements, and the thorny problem of which rate – struck at what time – to use for currency translation in the consolidated accounts. Finally, international companies are bound to work within a large number of sometimes contradictory national taxation systems. Firms will obviously wish to declare profits in low-taxation countries; this is seen by other nations to be unfair and unethical, further increasing the nationalist pressures referred to above.

In the personnel area, the whole question of managing foreign subsidiaries is loaded with problems, particularly the choice between using home-country nationals or expatriates to fill managerial positions. In the marketing function, product needs and customer requirements will clearly vary from place to place, advertising and promotional methods vary as do the legal and moral obligations of firms to behave 'ethically' in these matters. Pricing, and particularly transfer pricing between countries, is also a notoriously difficult area. Lastly, wide differences in tastes internationally call for local